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SCOTT P. ZIMMERMAN, PLLC
PO BOX 3822
CARY, NC 27519

EXAMINER	
ALVAREZ, RAQUEL	
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte WILLIAM R. MATZ and SCOTT R. SWIX

Appeal 2007-4052
Application 10/017,111
Technology Center 3600

Decided: August 28, 2008

Before HUBERT C. LORIN, DAVID B. WALKER, and JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

WALKER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is an appeal under 35 U.S.C. §§ 6(b) and 134(a) from the final rejection of claims 1-4, 6-15, and 18-38. We reverse.

Representative claim 1 reads as follows:

1. A method for marketing, comprising

defining a match between a user classification and an incentive;

> receiving from a set-top box user data associated with a user's television viewing selections;
>
> receiving the user's credit card purchase records describing purchases from retail stores;
>
> classifying the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores; and
>
> transmitting the incentive to the user if a match is defined between the user classification and the incentive.

The reference set forth below is relied upon as evidence in support of the rejections:

Knudson	WO 99/45702	Sep. 10, 1999

Claims 1-4, 6-15, and 18-38 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Knudson in view of Official Notice. Each of the independent claims, 1 and 15, requires "classifying the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores."

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of

underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of ordinary skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.")

In rejecting claims under 35 U.S.C. § 103(a), the examiner bears the initial burden of establishing a prima facie case of obviousness. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). *See also In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984). Only if this initial burden is met does the burden of coming forward with evidence or argument shift to the appellant. *Id.* at 1445. *See also Piasecki*, 745 F.2d at 1472. Obviousness is then determined on the basis of the evidence as a whole and the relative persuasiveness of the arguments. *See Oetiker*, 977 F.2d at 1445; *Piasecki*, 745 F.2d at 1472.

The Examiner found that Knudson teaches all of the limitations of claim 1 except that Knudson is silent as to whether 1) the purchase records are for people that have purchased with credit cards; and 2) the purchases are for purchases from retail stores (Answer 3). The Examiner took Official Notice that it was old and well known to 1) use credit cards to make purchases in order to provide a convenient method to buy merchandise on credit; and 2) monitor purchases made at retail establishments in order to

keep track of what the customers are purchasing at different establishments (Answer 4). The Examiner therefore found that it would have been obvious to one of ordinary skill in the art at the time of Appellants' invention to have included the purchase records to have been credit card purchases and to monitor purchases from retail stores, because such a modification would allow better targeting of the customers based on if they have credit and to keep track of the purchases made at retail stores in order to better target the customer based on how they pay for the purchases and the retail establishments from which they purchase (Answer 4).

Appellants argue that Knudson, even when coupled with the Examiner's assertions of Official Notice, does not teach or suggest all of the features of the independent claims 1 and 15 (Br. 7). Appellants argue that Knudson is completely silent as to the claimed features of "receiving the user's credit card purchase records describing purchases from retail stores" and "classifying the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores." (Br. 7-8). According to Appellants, Knudson receives "information regarding programs that have been purchased and viewed" (Knudson, 10:8-11) and describes an "order processing and billing system" for pay-per-view programming (Knudson, 9:5-8), but fails to realize that users can be classified according to "purchases from retail stores" (Br. 8).

Appellants further argue that even if the Examiner's assertions under Official Notice are accurate, they do not support the disputed rejection (Br. 9). Specifically,

> The *Knudson* document targets incentives to viewers based on pay-per-view purchases. *Knudson,* however, makes no teaching or suggestion that relates "*the user's television viewing selections . . . to the user's purchases from the retail stores,"* as the independent claims recite. Moreover, *Knudson* combined with the Examiner's assertions of "Official Notice" still fails to teach or suggest "*classifying the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores."* . . . *Knudson* is completely silent to any relation between television viewing selections and purchases from retail stores, so one of ordinary skill in the art would not have been led to modify *Knudsen* [sic] as suggested.

(Br. 9) (emphasis in original).

We agree with the Appellants. The Examiner takes Official Notice of using credit cards to make purchases and monitoring purchases made at retail establishments, but fails to provide a rational basis for why one of ordinary skill in the art would modify Knudson to classify the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores. We find that the Appellants have fairly characterized Knudson as limited to monitoring viewer's viewing activities to include pay-per-view choices. We see no reason why a person

having ordinary skill in the art would have classified the user based on his viewing selections relating to his purchases from retail stores as claimed in view of the relied upon teachings of the prior art and Official Notice. *See In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"), *cited with approval in KSR*, 127 S. Ct. at 1741.

Because each of the appealed claims requires "classifying the user in a user classification when the user's television viewing selections relate to the user's purchases from the retail stores," the Examiner has failed to make a prima facie case of obviousness of claims 1-4, 6-15, and 18-38 over Knudson.

The decision of the Examiner is reversed.

REVERSED

FISCHETTI, *Administrative Patent Judge*, concurring in result.

I concur with the majority based on the following points.

First, in this day of purchases occurring by people from almost any region of the world despite remote and isolated conditions in which such purchases may be made via one's television, home PC or PDA, it is

important to understand what we interpret as a "retail store" in light of the virtual world made possible by the Internet. To do, so we refer to the Specification which gives us the basis for our interpretation.

The Specification describes that '[r]etail stores may keep records of purchases by using customer shopping cards in which customers are given discounts in exchange for using a shopping card. The shopping card is scanned every time a customer makes a purchase." (Specification 9: 28-30) Thus, the reasonable conclusion is that Appellants are describing a bricks and mortar store where a customer is physically present in the retail store building, physically holds a shopping card and swipes or scans it at the POS terminal when he or she makes a purchase.

This is an important distinction in claim 1 because the prior art to Knudson discloses using data related to pay program order processing to drive what advertising information is sent to which user. In such a case, the user in Knudson, even if he or she shops on a television based shopping network and pays by credit card, would find that the invoice record of the credit card company would not reflect data sufficient to show the items purchased, but instead would merely reference the shopping network name, or in the case of an internet auction site, the auction holder. Thus, the bricks and mortar store distinction becomes important because purchases at such places of business result in line items on the purchaser's credit card purchase records that are descriptive of what was purchased by retailer name, e.g.,

ABC Auto Parts, or Joe's Bar and Grill because the item was purchased at its source.

Second, I credit the Examiner for providing a technical line of reasoning in relying on official notice to support the underlying determination of obviousness that is generally clear and unmistakable as to the use of credit cards to pay for items. *See* MPEP § 2144.03(B) and (E). That is, it is clear and unmistakable "…that is old and well known that credit cards are old an well known method used to make purchases in order to provide a convenient method to buy merchandises on credit.…" (Final 3). However, with respect to the second half of the statement, "…to also monitor purchases made at retail establishments in order to keep track of what the customers are purchasing at the different establishments", this is not so clear and unmistakable. As discussed above, data taken from a credit card statement of purchases made from retail stores will be much more robust with data describing the type of items purchased than would be found from television shopping networks, let alone data mined from pay program order processing. The difference in data mined from reviewing pay per view orders and a person's day to day shopping habits taken from credit card records goes from a single faceted view of that potential consumer's life, e.g., solely entertainment preferences, to an almost completely exposed view. The latter records would reveal not only items purchased, but ways of living, such as, times of eating derived from restaurant time and date stamps and even places traveled. Thus, the reality of even obtaining such data

becomes enormous. In Knudson, the pay per view data is readily available to the television distribution company because the user purchases the programming from the television distribution company, which ultimately uses the data as part of its billing process. Such accessibility would change in the case of using credit card records as the Examiner proposes because the television distribution company would somehow need to obtain an agreement with the credit card company which in turn, at least for medical services purchased with a credit card, must obtain a release from the customer of such purchasing records as would be required, for example, under the H.I.P.A. Act.

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Scott P. Zimmerman, P.L.L.C.
P.O. Box 3822
Cary, NC 27519